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SHELL OIL COMPANY

Annual Report 1958

SHELL OIL COMPANY

50 WEST 50TH STREET • NEW YORK 20, N. Y.

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Annual Report 1958

CONTENTS

Highlights 2

Letter to the Shareholders 3

Review of 1958 Operations 6

Financial Statements
and Statistical Information 17

Directory of Offices and Plants ... 28

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Highlights of the Year

Financial	1958	1957
Revenue	$1,674,132,000	$1,773,359,000
Net Income	$116,563,000	$135,085,000
Net Income per Share	$3.85	$4.46
Cash Dividends per Share	$2.00	$2.00
Cash Income (net income plus write-offs)	$323,148,000	$362,888,000
Working Capital at End of Year	$299,738,000	$293,765,000
Cash and Short Term Securities at End of Year	$148,874,000	$140,948,000
Long Term Debt at End of Year	$143,342,000	$166,087,000
Capital Expenditures	$223,082,000	$265,635,000
Operating		
Number of Wells Drilled	950	1,274
Gross Crude Oil Produced—Barrels	126,771,000	133,879,000
Net Crude Oil Produced—Barrels	110,105,000	115,910,000
Crude Oil Intake—Barrels	169,279,000	184,555,000
Refined Products Sold—Barrels	198,742,000	201,470,000
Chemical Products Sold—Short Tons	935,000	1,043,000
Number of Employees at End of Year	38,572	40,465
Salaries, Wages and Employee Benefits	$325,352,000	$325,814,000

SHELL OIL COMPANY
50 WEST 50TH STREET
NEW YORK 20, N. Y.

March 18, 1959

To the Shareholders:

We Submit herewith a review of operations of Shell Oil Company and its subsidiaries for the year 1958, together with the related financial statements.

The year was notable for the sharp change from a severe contraction in business and resulting general pessimism experienced in the first few months, to a marked reversal in trend accompanied by renewed optimism that developed in the closing months of the year. The Oil Industry reflected the early phase by sales volume failing to reach expected levels and a concurrent general weakening in prices. Similarly, it responded later in the year to the general upturn in business and also benefited by increased heating oil sales during the colder than normal weather experienced in December. The year ended, therefore, with a firmer price structure and there is reason to hope that in 1959 we shall see an expansion in total demand for oil products of about 5% which compares with barely 2% in 1958.

In view of the foregoing, it is not surprising that the earnings of the Company declined in 1958. The consolidated net income after taxes amounted to $116,563,000 or $3.85 per share, which compares with $135,085,000 and $4.46, respectively, for 1957. The quarterly dividend was maintained at 50 cents per share, with a total payment for the year of $60,573,000.

The major share of capital expenditure has continued to be dedicated to the exploration and production activities of the Company. In the Annual Report for the year 1954 it was stated that according to the estimates of the Company's engineers, which were conservative, the crude oil reserves amounted to 1,250,000,000 barrels net. Since that time we have produced 438,900,000 barrels net, but because of new discoveries, and extensions of old discoveries, our engineers are able with equal conservatism to estimate that on December 31, 1958, the Company's reserves of crude oil amounted to 1,500,000,000 barrels net. Similarly, our engineers estimate that our reserves of natural gas on the same date amounted to 6.7 trillion cubic feet net, in addition to which an estimated 180,000,000 barrels of natural gas liquids will accrue to the Company from the operation of natural gasoline plants.

It is perhaps appropriate at this point to explain that the term "net" as used above (and elsewhere in reference to crude oil production) means the portion of the oil owned by the Company after deducting the portion for which we are accountable to the landowners or others as royalty or operating interests.

In regard to the production side of the Company's activities, we decided to make certain changes in accounting practices with respect to the amortization and depreciation of oil and gas properties. These are explained in the review of operations and in Note 4 accompanying the financial statements.

Our six refineries processed a total of 169,279,000 barrels of crude oil during the year. This represented an operating level of 20% below rated crude oil distilling capacity and was occasioned by the slackening in product demand experienced in 1958. To enable us to maintain our leading position in product quality, appropriate additions to refining facilities were installed, and the research effort aimed at developing new and improved products and manufacturing processes was maintained at the high level of recent years.

Because of the deterioration in the general business situation that was experienced for most of the year, our over-all sales picture was far from satisfactory. Proceeds were adversely affected much more by the unsatisfactory price conditions than by lack of volume, as we were reasonably successful in holding our trade in spite of keen competition which was intensified by the leveling off in consumption.

Shell Chemical Corporation sales revenue was naturally impaired by the general recession in business. The products most affected were industrial chemicals and synthetic rubber. However, there was some improvement in sales of other products which to some extent had an offsetting effect. A more favorable trend began to show itself in the latter part of the year.

The Shell Companies Foundation, Incorporated, in 1958 made grants and donations totaling $1,098,000. The Foundation's support to education amounted to $608,000 for the year. Good-citizenship activities in areas where our employees live received $425,000, including $351,000 for local Community Chests, United Funds and Red Cross Chapters. National charitable organizations received $65,000.

Since the Shell Foundation was established in 1953, it has donated $4,128,000 from funds contributed by the Company and its subsidiaries. Special emphasis has been given to support for community funds and education. The Foundation's planned program of support to education includes scholarships for future high school science and mathematics teachers, graduate fellowships with liberal cost-of-education payments to schools, continuing annual grants and similar assistance to a number of colleges and universities, and support for selected national associations in the field of education.

For a number of years, the Company has conducted programs designed to present to its employees, jobbers, dealers, and the general public a proper reflection of the Company as the reliable and forward-looking corporate citizen it aims to be. It is hoped through these efforts to maintain public opinion favorable both to the Company and to the Oil Industry at large, and thus to conserve an atmosphere permitting continued successful operation. We are fortunate in having a very loyal organization and are grateful for their wholehearted support during a difficult year, and we look ahead with confidence.

Finally, we would remind you that during 1959 the American Oil Industry will celebrate its first centennial. The world has gone through violent social, economic and political experiences since August 27, 1859 when the discovery well was drilled at Titusville, Pennsylvania, and the future, as always, is uncertain; but given a reasonable economic climate, we look forward to years of continued growth and prosperity for the Industry.

J. H. Loudon
Chairman of the
Board of Directors

H. S. M. Burns
President

Review of 1958 Operations

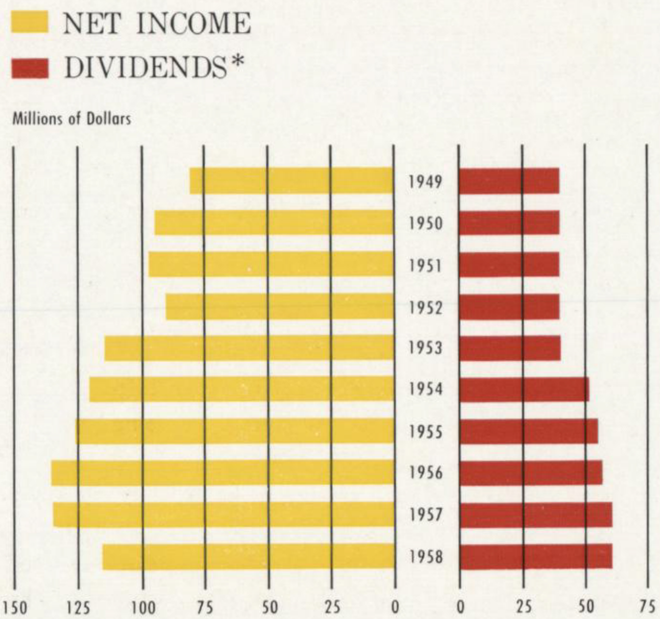
Financial

Net income for 1958 amounted to $116,563,000 or $3.85 a share, compared to $135,085,000 and $4.46 a share in 1957. Dividends of $2.00 per share paid at the rate of 50 cents each quarter were the same as in the previous year, with payments totaling $60,573,000. Cash income, that is, net income plus write-offs, declined from $362,888,000 in 1957 to $323,148,000 in 1958.

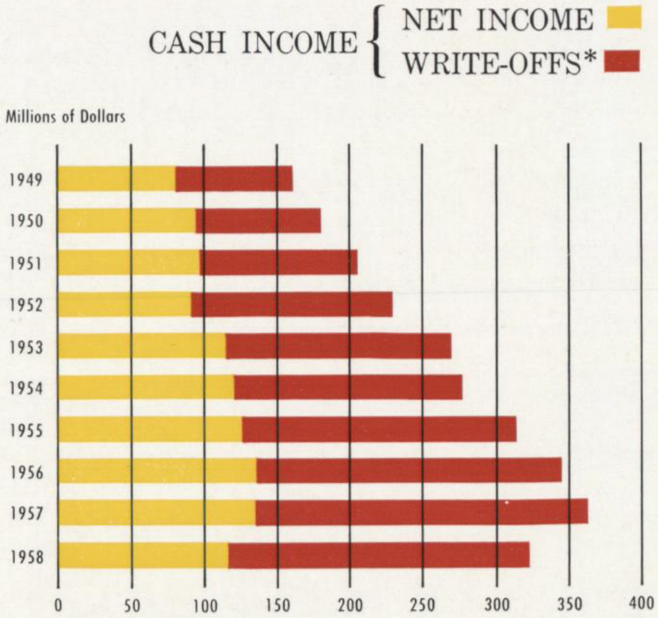
Reflecting the business recession experienced during part of the year, sales and other operating revenues declined 6% to $1,665,989,000. Lower average prices were chiefly responsible for this reduction, refined product sales volume being only slightly below 1957. Lower refinery intakes and the drawing down of inventories reduced our requirements for purchased crude oil, and this contributed to a reduction in costs.

Provision for depreciation, depletion and amortization decreased to $206,585,000 from $227,803,000 last year, primarily on account of a lower write-off in respect of intangible development because of reduced drilling activity.

Capital expenditures were substantially lower in 1958, totaling $223,082,000 as compared with $265,635,000 in 1957, but, as in previous years, the largest portion of these expenditures continued to be devoted to the acquisition of oil and gas leases, to the drilling



*Does not include 2%, 10% stock dividends distributed in 1953, 1956 respectively



*Depreciation, depletion and amortization of exploratory and development wells, and to the installation of crude oil and natural gas production facilities. The relative allocation of these expenditures by major function is shown in the following tabulation:

	1958	1957
Drilling and production	67%	69%
Oil refineries	15	14
Chemical plants	4	6
Pipe lines and other transportation facilities	5	1
Marketing and miscellaneous facilities	9	10
	100%	100%

Not included in capital expenditures but charged directly to income was $61,135,000, covering exploration efforts, other than drilling, necessary for replacement and expansion of our oil and gas reserves.

Net working capital at December 31, 1958, amounted to $299,738,000 as compared to $293,765,000 at the end of 1957. Cash and short-term securities totaled $148,874,000 at December 31, 1958, as compared with $140,948,000 at the beginning of the year.

As explained in Note 4 accompanying the financial statements, the Company has made certain changes, effective December 31, 1958, in accounting policies with respect to amortization and depreciation of oil and gas properties. The Statement of Financial Condition at December 31, 1958 is presented on the new basis, but the Statement of Income for 1958 does not reflect these policy changes. Starting with 1959, the new policies will be given effect in the income account. Historical data appearing in future reports will be restated on the new basis to permit a meaningful comparison of prior periods with current results. The purpose of the changes, which have the approval of our independent public accountants, is to relate amortization and depreciation of producing properties more directly to the revenue resulting from the gradual exhaustion of the properties.

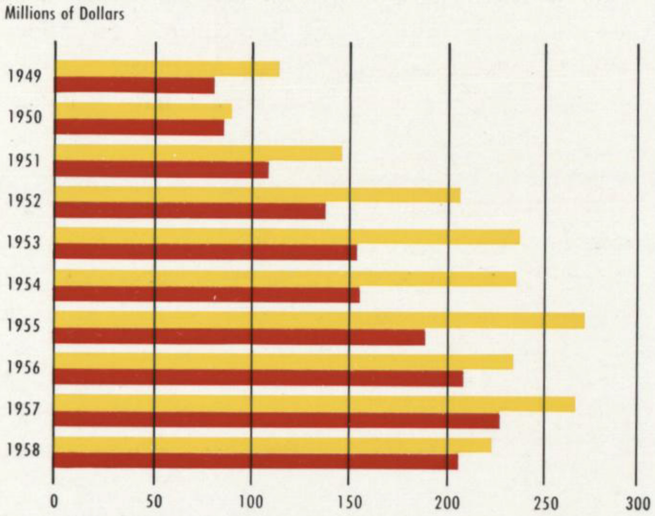
Exploration and Production

Exploration by the Company during 1958 resulted in important discoveries of oil at Little Creek in Mississippi and in the Lazy S Ranch in West Texas. The former is being developed rapidly and, in terms of daily production, is the third largest field in the State of Mississippi; our gross production amounts to 5,100 barrels per day and is expected to increase as development progresses. In the Lazy S Area of West Texas, mentioned in the 1957 Report, new fields were discovered and active development has increased our gross production in that area to 3,700 barrels per day. We have extensive holdings in this general area and are continuing aggressive exploration and development drilling. In addition to the foregoing, important deep reserves were discovered in Block 9, West Texas, and significant discoveries were made in South Vacuum, New Mexico, and Westwood and North Turtle Bayou, Louisiana.

The legal dispute between the State of Louisiana and the United States regarding Louisiana's boundary in the Gulf of Mexico remained unsettled and there were no sales of offshore leases in the Gulf of Mexico during the year. However, the Company continued to hold a leading position in Louisiana offshore production, where our gross production averaged 41,500 barrels per day during 1958 out of a total Industry production of 134,500 barrels per day. These compare with 50,200 and 145,000 barrels per day, respectively, for the Company and total Industry in 1957, and the reduction was due to restriction of well allowables under the proration laws. Major extensions to the productive area were made at South Pass Block 27, adding substantial new reserves, and significant gas reserves were developed at East Cameron Block 82. Eight producing wells were completed at Eugene Island Block 188, located 40 miles offshore in 67 feet of water, the farthest from shore of any of our fields. Facilities are now being installed to bring this field into production.

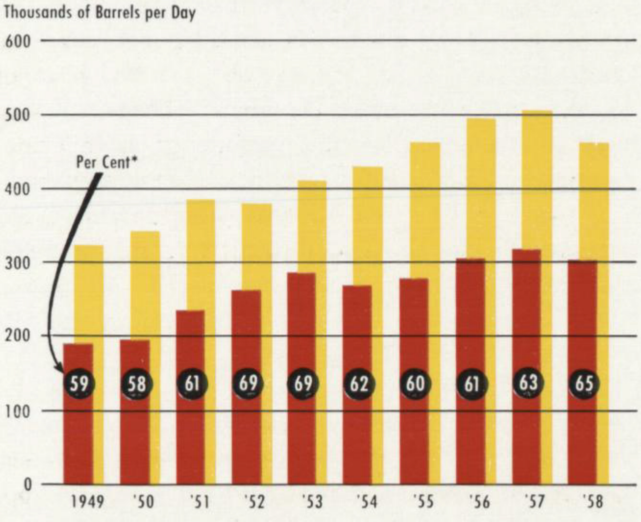
In the Four Corners Area of Utah, New Mexico, Colorado and Arizona, we completed 56 producing wells in 1958 which provided a greatly increased production capacity and proved new reserves. The Four Corners Pipe Line Company, in which we own a 25 per cent equity interest, began operating in April 1958, and our gross oil production rose sharply from a previously restricted rate of 2,000 barrels to the present rate of 19,500 barrels per day. The accompanying gas production is being sold to a gas transmission company.

🟨 CAPITAL EXPENDITURES
🟥 WRITE-OFFS*



*Depreciation, depletion and amortization

🟥 CRUDE OIL PRODUCTION (Net)
🟨 REFINERY INTAKE



*Ratio of production to intake

The Anadarko Basin, which covers most of northwestern Oklahoma, a portion of the Texas Panhandle and of southwestern Kansas, continued to be the object of intensive exploration for gas. The Company actively participated and we were successful in establishing new gas reserves during 1958, completing 53 wells compared with 39 in 1957.

During the year, crude oil production allowables were reduced sharply in Louisiana, Texas and New Mexico, and growing inventories of residual fuel oil on the Pacific Coast caused some cutback in our production of heavy crude oil in California. In spite of the severe proration, the Company's gross production averaged 347,000 barrels per day during 1958 as compared to 367,000 barrels per day during 1957.

The Company drilled a total of 166 exploratory wells during the year, of which 39 were successful discoveries. In addition, we drilled 784 development wells which resulted in 694 oil and gas wells and 90 dry holes. This compares with a total of 922 development wells in 1957, which resulted in 836 oil and gas producers and 86 dry holes. (The foregoing figures exclude wells in Canada, which are mentioned in the Canadian section.)

Production and sales of natural gas and liquid products extracted from natural gas continued at the high levels experienced during recent years. In 1958, contracts were negotiated covering initially approximately 120,000 Mcf daily of new gas sales. Of this quantity, deliveries of 30,000 Mcf daily started during the latter part of the year. We expect that deliveries of gas under most of the other new commitments will start during 1959.

There were no major additions to gas processing plant capacity during 1958. However, a new plant of 120,000 Mcf daily capacity is now under construction in the Weeks Island Field, Louisiana, which will process up to 50,000 Mcf daily of gas hitherto sold without processing. In addition it will process 70,000 Mcf daily of gas to be made available by the concurrent installation of a gas cycling project to exploit the gas cap of a reservoir currently producing crude oil. The over-all project will be in operation by 1960 and will recover in excess of 6,000 barrels daily of natural gas liquids.

Manufacturing

During 1958 our six refineries processed 169,279,000 barrels of crude oil. This was approximately 8% less than in the year of 1957. The curtailment in intake, which was kept in effect throughout the year, resulted in an average throughput of 20% below rated crude oil distilling capacity of 584,000 barrels per day. This of course was done in view of the over-all long position of product stocks in the Industry as a whole.

The 1958 construction program was dedicated largely towards further improvements of product quality. To enable us to maintain our leading position in gasoline quality, new catalytic reformers, with their associated desulfurizers for feed pre-treatment, were placed in operation at Norco and Wilmington Refineries. Facilities for separation of high octane gasoline components were expanded at Norco Refinery. Distillate fuel quality has also received attention. At Wood River Refinery, where high sulfur content crude oils constitute the main charging stock, a 25,000 barrel per day distillate fuel hydrodesulfurizer is under construction.

At Anacortes Refinery, a new alkylation plant for the production of aviation gasoline was placed in operation during the year. Major alkylation plant revisions designed to increase output while maintaining product quality have been completed at Norco Refinery, and similar revisions are under construction at Houston and Wilmington Refineries.

A new lubricating oil packaging plant and warehouse was completed at Wood River Refinery to effect major improvements in handling efficiency and in capacity for drummed and canned lubricants and specialty products. Extension and modernization of Wood River Refinery's lubricating oil manufacturing facilities to enable the production of an additional 1,800 barrels per day of high viscosity index oils was well under way at year-end and will be finished in mid-1959. The program of modernizing engineering shops was continued to completion at the Wood River and Norco Refineries during the year.

Constant attention is given to the minimizing of air and stream pollution arising from refinery operations. Improvements were effected at all refineries.

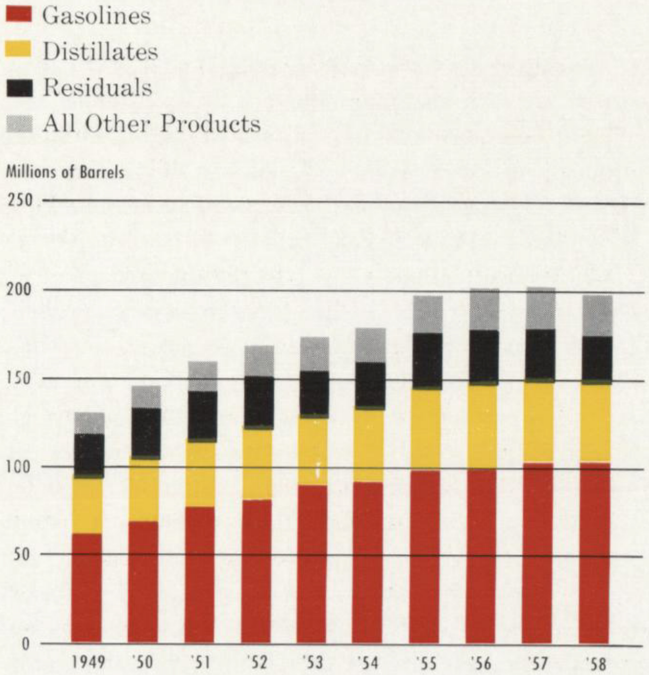
During 1958 our research efforts have produced several important new products to meet the increasingly severe requirements of automotive and industrial applications. An oxidation-resistant automatic transmission fluid was introduced, setting a new high quality standard. This fluid is suitable for all models of 1959 cars. A superior new aircraft oil is being flight-tested in large engines. It has already met with excellent acceptance in light aircraft, helicopters and small transport aircraft. A superior quality wax for coating milk cartons was introduced to the dairy industry during the year.

Our pioneering research work has enabled us to supply a full line of lubricants to one of the new industrial nuclear power plants. Another new development of special interest is the commercial exploitation at San Francisco Airport of an Epon® resin asphalt compound as a new type of surfacing for airline terminal pavements capable of resisting not only the erosive effect of fuel drip but also the hot blast of jet engines warming up on the ground. The new paving may also be used for such applications as industrial warehouse floors and for resurfacing heavy duty highways which require an extra heavy duty pavement, but it is, so far, too expensive for general paving purposes.

Marketing

The year 1958 was characterized by the sharpest recession in general industrial activity in many years. The petroleum industry, while not as directly vulnerable to general economic declines as some other industries, nevertheless experienced prolonged imbalances of supply and demand with resulting soft product prices and

REFINED PRODUCTS SALES



intensified competition. The total revenue from sale of refined products declined about 6% below the 1957 record high, mainly because of lower price levels.

Our automotive gasoline sales volume was practically unchanged from last year. Super Shell with TCP in the white pump was introduced in the West Coast area and thereby became available to the motoring public at every Shell service station in the United States and Hawaii. Also, a new regular grade Shell Gasoline with TCP was supplied in the Midwest marketing area. Both new products were accompanied by effective advertising campaigns. Extensive promotion of motor oil sales, built on a theme of economy and savings, gained more customers for Shell X-100 Premium motor oil. Increased emphasis was placed on dealer training and on the development of improved programs to increase service station sales.

Domestic sales of distillate fuel oil were up over 1957, though sales of diesel fuel to railroads were down, directly reflecting the reduction in railroad freight movements. On the other hand, use of diesel fuel in heavy highway vehicles and construction equipment is increasing. Sales of residual fuels were affected adversely, both by the lower industrial activity that prevailed for most of the year and the conversion from heavy oil to natural gas at many plants in the West Coast area. Sales of liquefied petroleum gas increased about 10% over 1957, reflecting the continuing development of the rural economy.

The Company's asphalt sales showed an increase at twice the rate of the total Industry sales. The Federal Interstate Highway Program contributed very little to asphalt demand in 1958, but is expected to have a material effect in 1959.

During 1958 we maintained our position as the leading supplier of aviation fuels, both gasoline and turbine fuel, to domestic commercial consumers and achieved a new record sales volume. With the introduction of jet-powered commercial aircraft, the demand for aviation turbine fuel is expanding and we have been successful in securing a substantial share of this new business. In this connection we put into service several 8,000-gallon jet refuelers of a newly developed type for use with the airlines' new jet aircraft. The performance of this equipment has been excellent.

The program of retail outlet development continued, directed mainly to the elimination and replacement of low-volume, sub-standard units; while the loss of stations through condemnations for highway development was offset by the installation of new units. Existing outlets are being continually upgraded, and expansion is being directed to rapidly growing high potential urban and suburban areas.

Shell Pipe Line Corporation

SHELL PIPE LINE CORPORATION's activities during 1958 were highlighted by a number of major construction projects, and some falling off in trunk line throughputs due to the reduced level of refinery operations.

Work was completed in April on the 750-mile Four Corners Pipe Line System. The new line, which furnishes crude from the Four Corners Area of Utah, Arizona, New Mexico and Colorado to refineries on the West Coast, has on occasion operated somewhat above its initial design capacity of 70,000 barrels per day and can be expanded to a maximum of 160,000 barrels per day by adding more pump stations. Shell Pipe Line designed, built, and is operating the new line as agent for the Four Corners Pipe Line Company.

Construction work on the Delta Pipe Line in southern Louisiana was started in August 1958, and the new line was put into operation during February 1959. This line, which is part of Shell Pipe Line's wholly-owned system, transports oil produced from offshore wells in the Southwest Pass and Main Pass area of the Mississippi River Delta to Norco Refinery, a distance of about 120 miles. The new line replaces at lower cost the former movement of oil by barge. Initial capacity is about 90,000 barrels per day.

To serve the rapidly developing crude oil production in Borden and Garza Counties of West Texas, Shell Pipe Line built gathering facilities and an eight-inch diameter line, 44 miles long, to connect with the Basin Pipe Line System at Colorado City, Texas.

Continuing a modernization program begun in 1956, five pump stations on the Ozark Pipe Line System, which runs from Cushing, Oklahoma, to Wood River, Illinois, have been converted to remotely controlled operations, leaving five more stations still to be converted. In addition, two stations on the Rancho Pipe Line System, which runs from McCamey, West Texas, to Houston, are in course of conversion, with the one remaining station scheduled for completion in 1959.

Shell Pipe Line disposed of its 33⅓ per cent interest in the Sterling Pipe Line System in Colorado and Nebraska, and also sold various gathering facilities in Oklahoma which were no longer needed.

The use of automatic custody transfer of crude oil by positive displacement meter installations increased rapidly during 1958. Such installations, developed and perfected by Shell Pipe Line in cooperation with some producing companies, automatically measure, test for quality, and control the delivery of crude oil from production systems to pipe line carriers.

Shell Chemical Corporation

THE GENERAL business recession experienced in 1958 was reflected in the total sales revenues for chemical products. Significant were the lower sales of industrial chemicals and synthetic rubber, which however were offset in part by increased revenues from other products. Although the year's results were below 1957, an improved trend was noted starting in the latter part of the year.

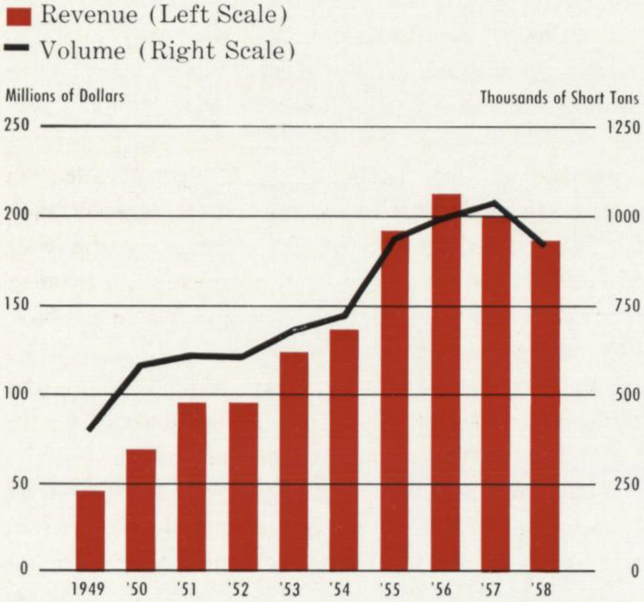
The solvents business in general continued at about the level of previous years. New and expanded offtakes of certain solvents, particularly those used in the resin and lacquer fields, compensated for the declining sales of other solvents. Expansion of the isopropyl alcohol unit at the Dominguez Plant improved the strategic availability of this product and its derivatives.

Hydrogen peroxide, made at the Norco Plant in facilities placed in operation late in 1957, successfully passed customer acceptance tests. Besides being used for paper and textile bleaching and for military purposes, it also finds application as a chemical raw material.

The growth trend for epoxy resins flattened out somewhat as compared to earlier years. A major price reduction of Epon® resins was made in the third quarter with a view to widening its use in existing fields and to stimulate its use in new fields where the price level had been a deterrent.

Insecticide sales reflected heavy insect infestations in certain areas, increasing acceptance of the organic phosphorus products methyl parathion and Phosdrin® insecticide, the expanded use in non-agricultural markets, and sales to agencies connected with World Health programs. A heavy grasshopper infestation in the Middle West threatened one of the largest wheat

CHEMICAL SALES



crops of recent years. Our insecticides were used by Federal and State agencies, in cooperation with the farmers, successfully to treat upwards of one million acres during the summer months. Another factor has been the increased quantities of dieldrin used for pest control around homes and gardens and for termite control in new home construction.

Synthetic rubber activities were affected directly by the curtailment in automobile manufacture and the strong competitive market situation due to excess productive capacity. Sales were at relatively low levels from late 1957 through the third quarter of 1958, when offtakes began to improve. New facilities have been constructed for making rubber-carbon black mixtures which allow the customer to eliminate the initial processing steps in his manufacturing procedures, and significant strides have been made in developing an improved latex for foam rubber goods.

Nitrogenous fertilizer markets, particularly in the areas served by the Shell Point and Ventura Plants, continued to suffer from keen competition induced by over-supply. Although our fertilizer sales volume was well maintained through the year, a drastic price reduction in California during the fourth quarter was responsible for lower revenue. The construction of new and expansion of existing fertilizer plants, in spite of the already over-supplied market, indicates that the highly competitive situation and unsatisfactory price condition will continue.

Looking to the future, the research program has been enlarged, and work on new products has been intensified. A Market Development Unit was placed in operation at Martinez in December. This installation, in conjunction with somewhat similar facilities at Houston and Torrance, improves our ability to introduce new products. Property was purchased at Riverton, New Jersey, as a possible new plant site, and plans for construction of acrolein-glycerine units at Norco and a phenol unit at Houston were completed. Initial operations at these new units are expected late in 1959. Primarily, the acrolein will be used with hydrogen peroxide to produce glycerine by a new and improved process which was invented by Shell Development Company. In addition, acrolein is used in the manufacture of certain pharmaceuticals, dyestuffs and plastics. The phenol will be used principally to make bisphenol-A, an ingredient in Epon® resin manufacture.

Shell Development Company

IN THE continuing effort to improve methods for discovering new oil deposits, geophysical exploration activities have benefited from the results of basic studies of multiple reflections which often interfere with the interpretation of seismic records. A new series of instruments for seismic exploration was developed embodying a number of innovations, and units have been delivered to Shell Oil's operating areas. Geological exploration has benefited from a more complete understanding of how clastic and carbonate rocks have been deposited and altered after their deposition, of what factors control deformation of rocks, and of conditions under which petroleum originates.

The challenge of ever deeper wells and offshore operations presents both new technical problems and added incentive to improve exploitation methods. For example, the high cost of exploratory wells makes it important to obtain maximum geological and reservoir information from each one. Further advances in the field of petrophysics, in which Shell has pioneered, have improved our ability to interpret well-bore surveys.

Regarding the problem of increasing the amount of recoverable oil, improvements have been made in secondary recovery processes, including better injection fluids that increase the efficiency of water flooding operations. New methods to increase the recovery of oil from underground reservoirs continue to engage our research effort, and a better understanding has been gained of the fluid flow conditions when using miscible fluids and in situ combustion methods of secondary recovery.

In the field of soil mechanics, continued attention has been given to improving techniques for testing offshore soil conditions. A study of the resistance of offshore pile foundations to pull-out and lateral pressures has resulted in improved design of such structures. Theoretical and model studies have been used to broaden our understanding of ocean wave forces and their effects on offshore structures.

Automotive fuels of very high quality were the subject of a major developmental effort, and new process systems have been worked out for futher increases in anti-knock performance. New additives for automotive lubricating oils were developed which will bring further advantages to the motorist. Extensive field-testing is now under way.

Fuels and lubricants for jet, nuclear, and missile use received much attention. A number of advanced fuels for aircraft and missiles have been developed for Governmental agencies, and basic research on combustion and on the resistance of fuels to nuclear radiation has gone forward. A new class of heat and radiation stable lubricants has been successfully developed for such uses, and has won widespread recognition.

In refining, a more economical process has been developed for the extraction of high purity aromatic hydrocarbons, and a new hydrogenation catalyst has been perfected which is more active and reduces operating costs.

Among modern analytical tools, special attention has been given to exploiting gas chromatography, with its demonstrated advantages in accelerating the pace of research and raising the level of process and product control in operating plants. These advantages have now brought it widespread acceptance.

Basic engineering research has resulted in new designs of catalytic reactors, which substantially reduce plant costs and increase operating efficiency.

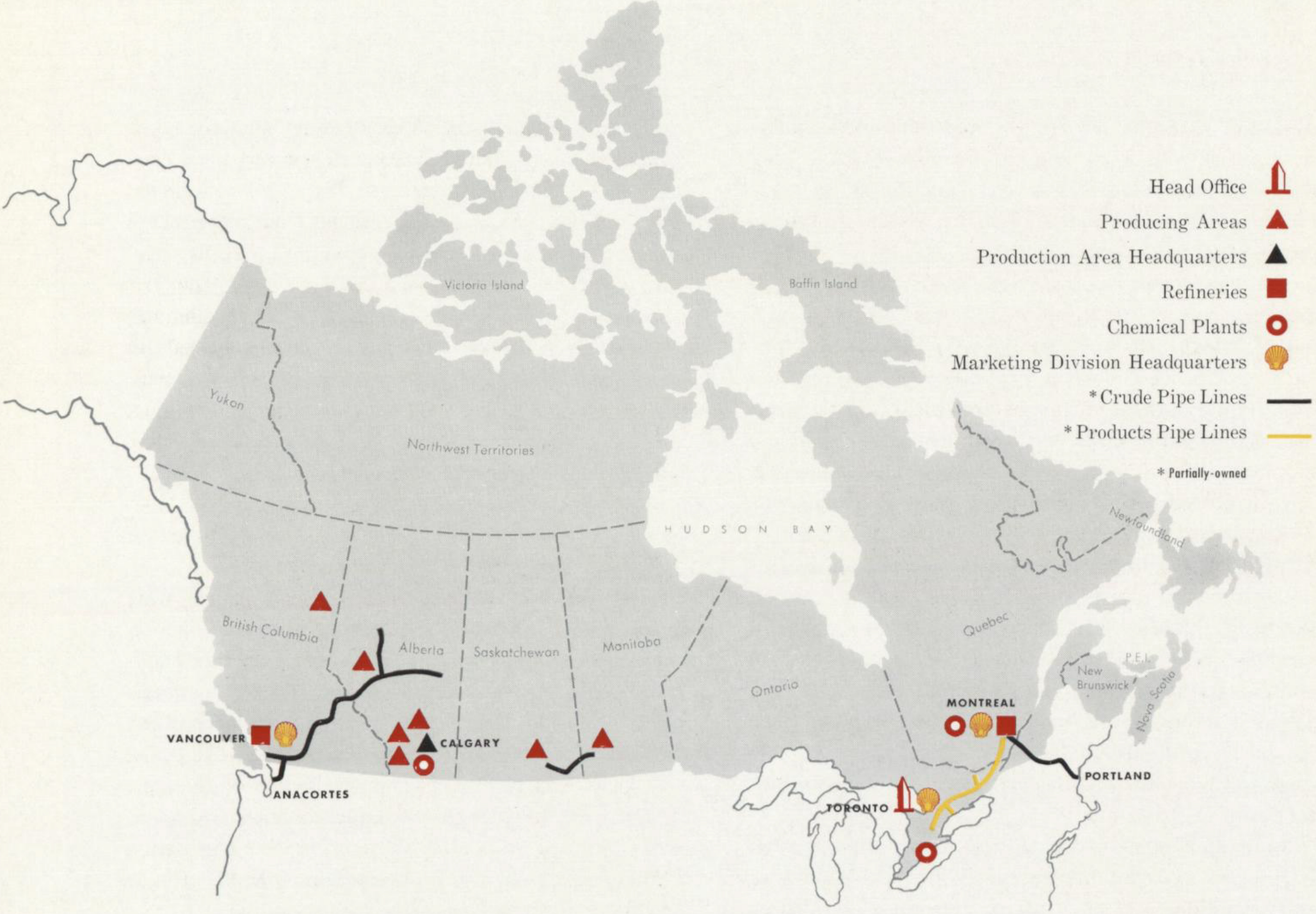
New methods of applying Epon® resins were found, with emphasis on simplicity and convenience, and several important new uses are under development. Attention was given to research on synthetic rubbers and semi-rigid plastics, and several promising products were developed to the semi-commercial scale.

In view of forthcoming plant production of glycerine by the acrolein-hydrogen peroxide route, research has been continued to increase the number and application of intermediate chemicals obtained in order to provide the broadest demand base for this operation.

Experimental work has led to the development of a promising material for the control of aquatic weeds in irrigation and drainage canals. In addition to controlling submersed aquatic vegetation, it has been shown to be effective in the control of aquatic mollusks.

Several new soil fungicides have been discovered. One is promising in the control of water-mold-type fungi which attack young plants. Large-scale evaluations will be undertaken in 1959 to determine the effectiveness of this material under a wide range of commercial conditions.

In the insecticide field, a new chlorinated hydrocarbon has been widely tested. Laboratory and field data have shown it to have general insect toxicity and to be particularly effective against a variety of worms. Further development work is being undertaken. Several new phosphorus insecticides have shown promise for seed treatment and general applications.



Shell Oil Company of Canada, Limited

THE ECONOMIC recession of 1957, with the resulting slackening in demand for petroleum products, persisted to some extent throughout 1958 and intensified the competitive aspects of petroleum marketing. Price weakness in varying degrees characterized the market for major products. The short-term situation was further impaired by vigorous expansion by newcomers to the market and continued investment in retail facilities by established marketers.

Despite these somewhat unfavorable conditions, Shell of Canada's sales were substantially higher than in 1957, even in the case of fuel oils where the general weakness in industry demand was aggravated by expanding availability of natural gas for both domestic and industrial purposes.

In Western Canada, an active exploration program was continued and met with highly successful results. Further drilling in the Alberta Foothills confirmed the existence of a major gas/condensate field at Waterton. A program to develop this reservoir was in progress at the end of the year. Significant and promising discoveries were made, of gas at Berland River, of oil at Simonette River and of gas at Panther River. In all, 10 discoveries of oil and gas resulted from a total of 64 exploratory wells drilled. During 1958 the Industry showed keen interest in the North-west and Yukon territories, and Shell of Canada played an active part in the reconnaissance exploration of the region.

Development drilling during 1958 was mainly centered in the Harmattan area of Alberta and the Weyburn, Carnduff and Glen Ewen fields of southeastern Saskatchewan. A total of 51 development wells, of which 2 were dry holes, was drilled during the year, and gross production amounted to 14,000 barrels per day, which compares with 83 wells, of which 6 were dry, and 12,900 barrels per day in 1957. The actual production was well below the productive capacity on account of the severe proration in force.

An option has been given to a gas pipe line company to purchase up to five trillion cubic feet of gas to be produced from Shell of Canada's land holdings in Southern Alberta. Contracts have been executed for the Waterton, Sarcee, Crossfield, Homeglen-Rimbey and Berland River fields which may provide up to one-half of the total gas optioned. The pipe line company plans to export the gas to the United States for consumption in California, and before the project can proceed, must obtain the approval of Provincial and Dominion authorities as well as the United States Federal Power Commission.

Construction of the sulphur plant in the Okotoks Field, Alberta, under a farm-out contract providing for the retention of a 15% cost-free operating interest which eventually increases to 25%, is under way. This plant, which will recover up to 300 tons daily of sulphur, will be in operation about mid-1959.

Montreal East Refinery operated at maximum crude capacity throughout 1958, but Shellburn Refinery's operation was below capacity. Nevertheless, the combined crude throughput of the two refineries was the highest on record.

At Montreal, shipments from the asphalt plant increased some 70% over the previous year and the plant's blending and shipping capacity was expanded early in the year in anticipation of the high demand. The dual-purpose HF alkylation unit was placed on stream early in June. High quality detergent alkylate was produced during the first two months' operations. During the remainder of the year, the plant produced motor alkylate for enhancing gasoline quality.

At Shellburn, the new plant for manufacture of Shell Sol, naphthas and other special products was completed and successfully put into operation.

In early 1958, the Epon® resin unit in Montreal was completed and started operating.

The full output of the Jumping Pound sulphur plant was sold under contract to industry in Western Canada.

The Trans Mountain Oil Pipe Line Company, in which Shell of Canada has an interest, delivered an average of 80,000 barrels a day during 1958. Substantially reduced export demand during the year affected the level of operations.

The 13,000-barrel diesel coastal tanker M.V. "TYEE SHELL" was launched at Collingwood, Ontario, in July and is now in service on the Pacific Coast of Canada.

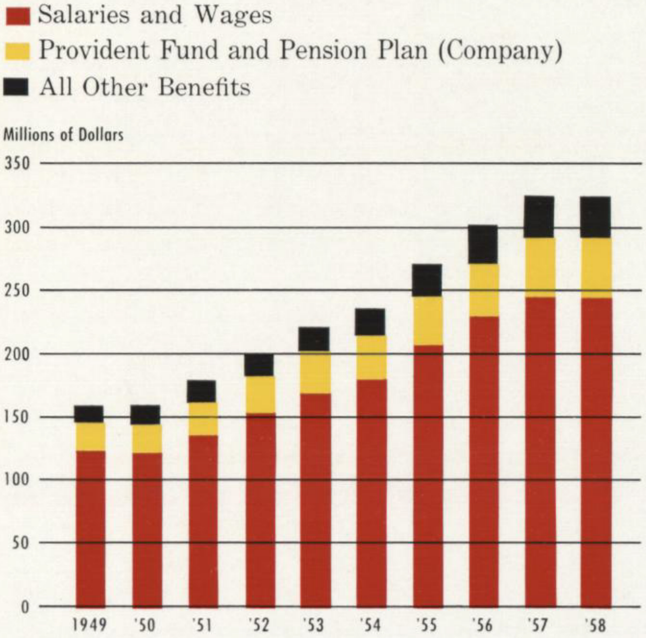
Shell Oil Company of Canada is a fully integrated 50% owned affiliate of Shell Oil Company. Its accounts and statistics are not consolidated in this report.

Personnel and Industrial Relations

AT THE end of 1958, the number of employees was 38,572, a decrease of 1,893 since the previous year-end. This represented at least a temporary reversal of the trend toward a steadily expanding work force which had been characteristic of the Company's operations during the last decade. The decrease was the cumulative result of a number of factors, including turnover and revisions in operations and transfers at some locations.

The total salaries, wages and employee benefits for 1958 of $325,352,000, was practically the same as the preceding year, the effect of the reduction in the work force being slightly more than offset by the effect of the application over the whole year of the general

WAGES AND BENEFITS



advance in wage and salary levels which occurred in the second quarter of 1957. During 1958, 348 employees retired, bringing to 4,769 the total number of employees retired on pension since 1938 when the Shell Pension Plan was first established.

Late in the year, the Company announced that it was making available to employees generally, as of the year-end, a new Shell Pension Plan and a revised Shell Provident Fund. The new Shell Pension Plan, in keeping with current pension trends in the petroleum and chemical industries, grants pension credits for all years of service up to 40 at a normal retirement age of 65, rather than up to 20 years of service as heretofore. The revision in the Shell Provident Fund enables employees to direct the investment of part or all of their own future contributions in a common stock portfolio, in contrast to the Government and corporate bonds in which both employee and Company contributions have previously been invested. Provision is also made for permissive employee withdrawals from the Fund up to 50% of their future contributions.

Directorate and Executive

AT THE end of August, Mr. A. J. Galloway, Executive Vice President in charge of Exploration and Production, retired after 32 years of service and resigned as a Director of the Company.

Mr. D. B. Kemball-Cook succeeded Mr. Galloway as Executive Vice President in charge of Exploration and Production activities and was also elected to the Board. Mr. Kemball-Cook joined the Company in 1932 and worked in Exploration and Production activities until 1945 when he joined an affiliated company in Venezuela. He returned to New York in 1957 to become a Director and Vice President of Shell Caribbean Petroleum Company and returned to the Company in August 1958.

At the end of the year, Lieutenant General James H. Doolittle retired after 28 years of service with the Company. He will continue to be a member of the Board of Directors.

Mr. L. V. Steck, Vice President in charge of Marketing of Shell Chemical Corporation, retired at the end of the year after 28 years of service. Effective January 1, 1959, Messrs. B. M. Downey and G. W. Huldrum, Jr. were elected Vice Presidents of Shell Chemical Corporation. Mr. Downey, who was General Manager Manufacturing Operations, has had 33 years of service, and Mr. Huldrum, who was Manager of the Chemical Sales Division, has had 21 years of service.

Shell Oil Company and Subsidiary Companies

Statement of Income

	Year 1958	Year 1957
REVENUE:		
Sales and other operating revenue	$1,665,989,308	$1,764,602,324
Dividends, interest and other income	8,142,907	8,756,327
	1,674,132,215	1,773,358,651
COSTS AND EXPENSES:		
Operating, selling and general	1,279,945,086	1,315,344,202
Depreciation, amortization and retirements (excluding oil lands and leases)	109,569,189	108,603,489
Amortization (100%) of intangible development costs	78,506,396	95,701,906
Depletion, amortization and surrender of oil lands and leases	18,509,361	23,497,906
Interest on long term debt	4,825,258	5,464,828
Income and operating taxes (Note 2)	66,213,988	89,661,539
	1,557,569,278	1,638,273,870
NET INCOME FOR YEAR	$ 116,562,937	$ 135,084,781

See accompanying notes to financial statements.

Statement of Financial Condition

Assets

	December 31, 1958	December 31, 1957
CURRENT ASSETS:		
Cash	$ 66,157,221	$ 55,887,957
U. S. Government and other short term securities, at cost	82,716,794	85,060,346*
Receivables, less allowance for doubtful accounts: 1958—$3,816,000; 1957—$3,602,000	183,054,756	168,333,151
Owing by affiliated companies	9,760,835	3,870,367
Inventories (Note 3):		
Crude oil, refined and manufactured products	187,393,810	192,804,740
Materials and supplies	35,803,956	51,599,779
TOTAL CURRENT ASSETS	564,887,372	557,556,340
INVESTMENTS AND ADVANCES, on basis of cost:		
Shell Oil Company of Canada, Ltd., a 50% owned affiliate	68,731,902	51,642,025
Other affiliated company	1,080,000	1,080,000
Other investments	5,640,473	5,488,712
TOTAL INVESTMENTS	75,452,375	58,210,737
PROPERTIES, PLANT AND EQUIPMENT, at cost (Notes 4 and 5)	2,516,308,565	2,377,477,151
Less accumulated depreciation, depletion and amortization	1,534,448,570	1,608,081,568
NET PROPERTIES, PLANT AND EQUIPMENT	981,859,995	769,395,583
OTHER ASSETS AND PREPAID EXPENSES:		
Other notes and accounts receivable	4,967,010	5,571,373
Prepaid insurance, taxes, rentals and other expenses	21,103,969	16,710,133
TOTAL OTHER ASSETS AND PREPAID EXPENSES	26,070,979	22,281,506
TOTALS	$1,648,270,721	$1,407,444,166

** Restated for purposes of comparison.*

Shell Oil Company and Subsidiary Companies

Liabilities

	December 31, 1958	December 31, 1957
CURRENT LIABILITIES:		
Accounts payable	$ 152,139,808	$ 151,636,518
Owing to affiliated companies	9,443,884	735,745
Long term debt due within one year (Note 6)	27,509,000	26,809,000
Wages, interest and miscellaneous accruals	17,858,785	18,303,622
Income and operating taxes	58,198,257	66,306,708*
TOTAL CURRENT LIABILITIES	265,149,734	263,791,593
LONG TERM DEBT (Note 6):		
2½% Debentures due 1971	94,092,000	99,587,000
Serial notes due 1960 to 1967	49,250,000	66,500,000
TOTAL LONG TERM DEBT	143,342,000	166,087,000

Shareholders' Investment

CAPITAL (Note 7):		
Common stock, $7.50 par value, authorized 40,000,000 shares; issued 1958—30,286,684 shares and 1957—30,286,384 shares	227,150,130	227,147,880
Amount in excess of par value	243,724,496	243,702,404
TOTAL CAPITAL	470,874,626	470,850,284
EARNINGS EMPLOYED IN THE BUSINESS:		
Balance at beginning of year	506,715,289	432,203,276
Net income for year	116,562,937	135,084,781
Accumulated depreciation and amortization adjustment (Note 4)	206,198,903	—
	829,477,129	567,288,057
Cash dividends paid—$2.00 a share	60,572,768	60,572,768
Balance at end of year	768,904,361	506,715,289
TOTALS	$1,648,270,721	$1,407,444,166

See accompanying notes to financial statements.

Notes to Financial Statements

1. GENERAL: The consolidated financial statements at December 31, 1958, include the accounts of all wholly owned subsidiary companies.

Intercompany sales and profits of the companies consolidated have been eliminated in the consolidated accounts to the extent considered practicable.

2. INCOME AND OPERATING TAXES CHARGED TO INCOME:

	Year 1958	Year 1957
INCOME TAXES		
Federal	$10,500,000	$33,000,000
Other	3,559,922	2,283,871
	14,059,922	35,283,871
OPERATING TAXES		
Real and personal property	23,838,097	22,302,850
Oil and gas production	14,806,193	15,501,978
Social security	4,903,702	5,008,632
Excise, sales and use	4,537,492	6,934,345
Other	4,068,582	4,629,863
	52,154,066	54,377,668
TOTALS	$66,213,988	$89,661,539

Taxes on gasoline and other products, collected from customers on behalf of government agencies, amounted to $287,765,000 in 1958 and $282,466,000 in 1957. Such taxes are not included in either revenue or expenses.

3. INVENTORIES: As in prior years, the policy has been followed during the year ended December 31, 1958, of charging monthly to cost of goods sold the highest of inventory carrying value, current cost of production, or purchases. The inventories of crude oil, refined and manufactured products are carried at resulting average cost or market, whichever is lower. Inventories of materials and supplies are carried at average cost or less.

4. CHANGES IN ACCOUNTING POLICIES: The Statement of Financial Condition gives effect at December 31, 1958, to the adoption of certain changes in accounting policies with respect to amortization and depreciation of production properties.

Under the previous policies, intangible development expenditures were capitalized and amortized 100% by charges to current income, tangible development assets were depreciated on a straight line basis and nonproducing leasehold costs were amortized over the term of the respective leaseholds, or over a period of five years, whichever shorter.

The revised policies provide for amortization and depreciation of the capital cost of producing properties, both intangible and tangible, on a unit of production basis over the estimated recoverable oil or gas reserves. The Company will continue to deduct intangible development expenditures for federal income tax purposes as incurred; however, an amount equivalent to the tax effect resulting from the difference between such expenditures and the amortization charges determined on the unit of production basis will be reflected in the accounts as amortization. Based upon experience of the Company, a portion of the nonproducing leasehold costs will be amortized from the date of acquisition.

As a result of these changes, accumulated depreciation, depletion and amortization has been reduced $206,198,903 with a corresponding credit to earnings employed in the business.

The revised policies will be given effect in the Company's income account as of January 1, 1959. Had they been in effect during the year 1958, net income for that year would have been $128,582,792.

5. PROPERTIES, PLANT AND EQUIPMENT: A summary at December 31, 1958, of gross book value of properties, plant and equipment; related depreciation, depletion and amortization; and net book value; after giving effect to the adjustments mentioned in Note 4, follows (stated in thousands of dollars):

	Gross Book Value	Depreciation, Etc.	Net Book Value
Production properties	$1,290,266	$ 781,192	$ 509,074
Oil refineries and chemical plants	781,921	529,055	252,866
Pipe lines and other transportation facilities	183,818	96,812	87,006
Marketing and miscellaneous facilities	260,304	127,390	132,914
TOTALS	$2,516,309	$1,534,449	$ 981,860

6. LONG TERM DEBT: At December 31, 1958, long term debt consists of the following:

	Due Within One Year	Due After One Year
Shell Oil Company		
Twenty-five year 2½% debentures due 1971, after deducting $4,241,000 of debentures held in treasury. Annual sinking fund payments of $5,000,000 are due in each of the years 1959 to 1970, inclusive. (The debentures held in treasury are available for sale to the sinking fund agent.)	$ 759,000	$ 94,092,000
3% note payable to bank—payable $25,000,000 in each of the years 1959 and 1960	25,000,000	25,000,000
Shell Pipe Line Corporation		
3.50% notes payable to banks—payable $750,000 in each of the years 1959 to 1965, inclusive, and $2,250,000 in 1966	750,000	6,750,000
3.30% notes payable to banks and others — payable $1,000,000 in each of the years 1959 to 1967, inclusive	1,000,000	8,000,000
4.00% notes payable to banks — representing part of a revolving bank credit of $10,000,000 which is to be refinanced not later than March 31, 1960 on a long term basis	—	9,500,000
	$27,509,000	$143,342,000

7. INCENTIVE STOCK OPTION PLAN: Under the provisions of the Plan, adopted in 1956, options may be granted to executives and key employees to purchase an aggregate of 302,500 shares of the Company's common stock at not less than 95% of the fair market value at the date the option is granted. Generally, options may not be exercised within eighteen months of issuance and expire not later than ten years from date of grant.

At January 1, 1958, options to purchase 242,250 shares were outstanding, none of which was exercisable, and 60,250 shares were available for future options. During the year an option for 300 shares was exercised at $81.14 per share and options for 14,000 shares expired. Options were granted in 1958 to buy 7,500 shares at $80.10 per share and 8,000 shares at $75.70 per share.

At December 31, 1958, options to purchase 243,450 shares were outstanding, of which options for 227,950 shares were exercisable, and 58,750 shares were available for future options.

Notes ... *continued*

8. COMMITMENTS AND CONTINGENT LIABILITIES: At December 31, 1958, Shell Oil and subsidiary companies had long term leases and other contractual commitments expiring more than three years after that date covering service stations, office space, tankers and other facilities. For the year 1959, the minimum rentals payable (without reduction for related rental income) under such commitments are estimated at $27,000,000.

Shell Oil Company might be required under certain conditions to make payments under guaranty and other contractual arrangements entered into in connection with pipeline transportation of crude oil and refined products. The contingent liability under such arrangements will not exceed $1,100,000 for 1959 and a total of $36,100,000 for years subsequent thereto.

None of the companies had any commitments or contingent liabilities which, in the judgment of the Management, would result in the sustaining of losses which would materially affect their financial positions.

Report of Independent Public Accountants

TO THE SHAREHOLDERS OF SHELL OIL COMPANY:

In our opinion, the accompanying statement of financial condition and related statement of income, together with the notes appended thereto, present fairly the financial position of Shell Oil Company and consolidated subsidiary companies at December 31, 1958, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles. These principles have been applied on a basis consistent with that of the preceding year, except for the changes, made with our approval, with respect to amortization and depreciation of production properties explained in Note 4 to the financial statements, which affect the statement of financial condition at December 31, 1958 and which will affect net income for 1959 and subsequent years. Our examination of such financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

New York
March 9, 1959

Source and Disposition of Funds

	Year 1958	Year 1957
	Thousands of Dollars	
SOURCE OF FUNDS		
Net income	$116,563	$135,085
Depreciation, depletion, amortization, etc. charged against income	206,585	227,803
Other items	1,225	4,653
TOTAL	$324,373	$367,541
DISPOSITION OF FUNDS		
Capital expenditures:		
Drilling and production	$142,008	$181,835
Oil refineries	35,038	38,033
Chemical plants	11,410	16,540
Pipe lines and other transportation facilities	13,618	3,567
Marketing and miscellaneous facilities	21,008	25,660
	223,082	265,635
Dividends paid	60,573	60,573
Net change in long term debt	22,745	31,321
Advances to Shell Oil Company of Canada, Limited	12,000	3,500
Working capital increase	5,973	6,512
TOTAL	$324,373	$367,541

Ten Year Review of Statistical Data

FINANCIAL AND GENERAL (Dollar figures in thousands)	1958	1957	1956
Sales and other operating revenue:			
Refined products and other operating revenue	**$1,177,163**	$1,242,703	$1,173,446
Chemical products	**187,907**	201,918	213,630
Crude oil	**300,919**	319,981	248,359
Total	**$1,665,989**	$1,764,602	$1,635,435
Net income	**$ 116,563**	$ 135,085	$ 135,848
Net income per share outstanding December 31, 1958	**$ 3.85**	$ 4.46	$ 4.49
Cash dividends—total dollars	**$ 60,573**	$ 60,573	$ 56,443
Per share outstanding December 31, 1958	**$ 2.00**	$ 2.00	$ 1.86
Per share as reported each year (1)	**$ 2.00**	$ 2.00	$ 2.00
Cash income (net income plus write-offs)	**$ 323,148**	$ 362,888	$ 344,020
Income and operating taxes charged to income	**$ 66,214**	$ 89,662	$ 114,372
Taxes collected from customers on behalf of government agencies	**$ 287,765**	$ 282,466	$ 256,192
Capital expenditures	**$ 223,082**	$ 265,635	$ 234,646
Working capital (current assets less current liabilities)	**$ 299,738**	$ 293,765	$ 287,253
Properties, plant and equipment (gross)	**$2,516,309**	$2,377,477	$2,230,652
Long term debt	**$ 143,342**	$ 166,087	$ 197,408
Shareholders	**19,307**	19,685	19,727
Shares outstanding (thousands)	**30,287**	30,286	30,286
Employees	**38,572**	40,465	39,903
Salaries, wages and employee benefits	**$ 325,352**	$ 325,814	$ 300,906
EXPLORATION AND PRODUCTION (Barrels in thousands)			
Gross crude oil produced (barrels)	**126,771**	133,879	127,804
Gross crude oil produced (daily average barrels)	**347**	367	349
Net crude oil produced (barrels):			
California	**26,426**	28,170	29,426
Illinois	**2,892**	2,707	2,300
Louisiana	**30,452**	33,190	28,483
Mississippi	**1,428**	132	37
Montana	**7,166**	6,962	4,491
New Mexico	**6,536**	5,954	6,192
Oklahoma	**4,570**	5,335	5,921
Texas	**22,613**	25,654	27,336
Utah	**3,080**	181	92
Other	**4,942**	7,625	7,039
Total	**110,105**	115,910	111,317
Net crude oil produced (daily average barrels)	**302**	318	304
Crude oil purchased (barrels)	**164,498**	178,348	162,624
Crude oil sold (barrels)	**101,232**	104,357	88,428
Wells drilled (gross):			
Oil	**623**	868	789
Gas	**110**	93	75
Dry holes	**217**	313	268
Total	**950**	1,274	1,132
Exploratory	**166**	269	282
Development	**784**	1,005	850
Total	**950**	1,274	1,132
Oil and gas wells producing or capable of producing (gross):			
Wholly-owned	**9,521**	9,390	9,270
Partially-owned	**6,861**	6,121	6,155
Total	**16,382**	15,511	15,425
Acreage (net—in thousands)			
Producing	**520**	479	459
Non-producing	**11,675**	14,487	21,537
Total	**12,195**	14,966	21,996

(1) Adjusted for two-for-one stock split in April 1954, but not adjusted for stock dividends of 10% in 1956 and 2% in 1953.

Shell Oil Company and Subsidiary Companies

1955	1954	1953	1952	1951	1950	1949
$1,102,878	$1,000,316	$ 964,952	$ 872,107	$ 828,836	$ 720,130	$ 650,384
193,860	138,809	125,811	97,763	97,522	70,474	48,081
194,405	172,935	178,788	172,762	146,076	124,725	119,471
$1,491,143	$1,312,060	$1,269,551	$1,142,632	$1,072,434	$ 915,329	$ 817,936
$ 125,532	$ 121,127	$ 115,407	$ 90,873	$ 97,020	$ 94,186	$ 80,400
$ 4.14	$ 4.00	$ 3.81	$ 3.00	$ 3.20	$ 3.11	$ 2.65
$ 55,066	$ 51,525	$ 40,614	$ 40,412	$ 40,412	$ 40,412	$ 40,412
$ 1.82	$ 1.70	$ 1.34	$ 1.33	$ 1.33	$ 1.33	$ 1.33
$ 2.00	$ 1.87½	$ 1.50	$ 1.50	$ 1.50	$ 1.50	$ 1.50
$ 314,561	$ 276,354	$ 269,243	$ 229,435	$ 205,188	$ 180,583	$ 161,257
$ 116,715	$ 100,995	$ 102,112	$ 89,730	$ 140,885	$ 82,849	$ 54,197
$ 225,905	$ 210,028	$ 203,490	$ 176,568	$ 150,230	$ 134,047	$ 116,589
$ 271,347	$ 236,940	$ 237,712	$ 206,141	$ 145,714	$ 90,422	$ 114,448
$ 231,255	$ 178,580	$ 191,695	$ 205,855	$ 203,582	$ 189,918	$ 147,377
$2,056,286	$1,825,159	$1,641,020	$1,464,891	$1,308,967	$1,203,047	$1,148,371
$ 201,457	$ 137,118	$ 143,205	$ 149,307	$ 132,057	$ 134,807	$ 140,422
19,025	18,669	17,647	17,563	17,743	17,541	17,782
27,533	27,480	13,740	13,471	13,471	13,471	13,471
38,845	35,275	34,660	33,583	31,319	30,305	30,332
$ 271,739	$ 237,146	$ 222,081	$ 200,307	$ 179,386	$ 159,770	$ 159,584
116,579	111,681	119,068	109,605	98,684	82,219	80,478
319	306	326	299	270	225	220
29,697	33,422	35,298	30,537	24,964	20,699	22,538
2,182	2,321	2,911	3,414	2,946	1,529	1,731
23,352	19,883	21,598	20,034	16,865	14,015	12,326
34	37	31	24	24	13	—
1,583	919	724	238	4	—	—
5,729	4,949	4,496	3,482	2,744	2,257	1,959
6,394	5,454	6,464	7,002	6,922	5,056	2,388
26,219	24,978	27,604	27,355	27,799	24,822	25,330
136	4	—	—	—	—	—
6,255	5,727	5,142	4,013	3,953	3,825	3,823
101,581	97,694	104,268	96,099	86,221	72,216	70,095
278	268	286	263	236	198	192
144,415	126,464	117,173	113,331	116,475	105,905	102,003
68,883	60,761	64,731	66,086	56,226	47,942	45,918
628	703	755	672	447	310	296
55	68	79	36	34	31	43
216	225	168	138	92	52	57
899	996	1,002	846	573	393	396
207	211	153	113	92	80	36
692	785	849	733	481	313	360
899	996	1,002	846	573	393	396
8,741	8,388	7,955	7,613	7,373	7,517	7,540
5,535	5,327	4,643	4,481	4,387	4,298	2,276
14,276	13,715	12,598	12,094	11,760	11,815	9,816
425	388	391	329	303	304	311
20,944	21,713	18,959	18,063	16,526	8,775	3,491
21,369	22,101	19,350	18,392	16,829	9,079	3,802

Ten Year Review of Statistical Data...*continued*

	1958	1957	1956
MANUFACTURING (Barrels and tons in thousands)			
Crude oil distilling capacity (daily average barrels):			
Anacortes	55	55	50
Houston	125	125	125
Martinez	55	55	55
Norco	95	95	95
Wilmington	79	79	79
Wood River	175	175	175
Total	584	584	579
Crude oil intake to distilling units (barrels)	169,279	184,555	182,184
Crude oil intake to distilling units (daily average barrels)	464	506	498
Products manufactured from natural gas (barrels)	11,784	12,313	12,871
Refined products manufactured (barrels):			
Gasoline	96,009	100,223	98,271
Distillates	40,951	47,322	49,067
Residuals	22,775	30,285	29,634
All other products	25,087	25,143	23,851
Total	184,822	202,973	200,823
Gasoline purchased (barrels)	11,501	9,698	8,466
Distillates and residuals purchased (barrels)	6,129	5,249	7,005
Chemical products manufactured (short tons)	926	1,007	970
Natural gasoline plants:			
Wholly-owned	11	11	11
Partially-owned	20	21	20
Total	31	32	31
MARKETING (Barrels and tons in thousands)			
Refined products sold (barrels):			
Gasoline	101,974	101,748	98,715
Distillates	46,009	47,065	48,178
Residuals	26,324	30,082	31,176
All other products	24,435	22,575	22,455
Total	198,742	201,470	200,524
Refined products sold (daily average barrels)	544	552	548
Chemical products sold (short tons)	935	1,043	1,001
Natural gas sold (million cubic feet)	315,171	319,198	311,577
Marketing facilities:			
Bulk distributing plants (leased or owned)	784	786	790
Retail outlets (leased or owned)	8,800	8,400	8,300
Retail outlets (other)	14,600	14,800	14,700
TRANSPORTATION			
Trunk pipe line mileage-crude oil (incl. partially-owned)	5,959	5,304	5,579
Trunk pipe line mileage-products (incl. partially-owned)	4,718	4,670	4,670
Crude oil gathering pipe line mileage (incl. partially-owned)	2,107	2,040	2,246
Crude oil transported (million barrel miles)	78,495	80,804	77,766
Products transported (million barrel miles)	20,116	21,317	20,819
Storage facilities (thousands of barrels)	94,057	93,970	91,852

Shell Oil Company and Subsidiary Companies

1955	1954	1953	1952	1951	1950	1949
50	—	—	—	—	—	—
125	125	125	125	120	115	110
55	55	55	55	45	45	45
82	75	50	50	50	50	45
79	79	79	64	52	52	52
170	170	170	135	130	120	115
561	504	479	429	397	382	367
168,896	157,262	150,371	139,632	142,083	125,215	119,356
463	431	412	382	389	343	327
12,465	11,407	10,717	10,545	10,308	7,724	6,890
91,631	84,220	81,375	74,005	74,591	66,332	63,003
43,180	39,701	36,803	37,539	39,870	34,228	32,159
28,710	30,632	28,961	25,082	27,281	23,033	19,669
24,359	21,882	23,833	19,876	17,514	16,507	19,399
187,880	176,435	170,972	156,502	159,256	140,100	134,230
7,840	11,407	14,160	11,243	6,961	6,110	2,683
5,162	3,220	6,870	9,885	5,607	5,097	10,753
891	720	637	546	562	494	437
11	12	14	14	14	14	14
19	18	16	12	12	12	12
30	30	30	26	26	26	26
98,135	91,278	88,528	81,023	76,010	67,955	61,940
45,319	40,891	38,905	40,318	37,566	36,225	31,196
33,255	27,589	27,587	29,963	29,265	28,777	26,107
21,507	19,005	19,329	17,707	17,369	13,915	11,999
198,216	178,763	174,349	169,011	160,210	146,872	131,242
543	490	478	462	439	402	360
943	732	688	617	618	580	410
294,046	285,928	222,822	176,613	146,160	121,678	90,431
821	803	807	826	838	888	911
8,000	7,500	7,100	7,100	7,000	6,700	7,500
15,100	15,200	15,600	15,400	15,300	15,800	14,900
5,331	4,828	4,788	4,644	4,686	4,645	4,912
4,343	4,023	3,986	3,587	3,609	2,965	2,709
2,083	1,978	1,932	1,821	1,775	1,620	1,683
73,507	68,578	65,747	69,460	66,568	57,117	47,902
19,941	19,170	17,187	14,626	13,923	13,147	13,384
89,285	85,404	80,153	77,347	76,246	73,954	72,333

HEAD OFFICES

SHELL OIL COMPANY	New York, N. Y.
SHELL CHEMICAL CORPORATION	New York, N. Y.
SHELL DEVELOPMENT COMPANY	New York, N. Y.
SHELL PIPE LINE CORPORATION	Houston, Texas
SHELL OIL COMPANY OF CANADA, LIMITED	Toronto, Canada

PRINCIPAL OPERATING HEADQUARTERS

Exploration and Production Areas

CALGARY, CANADA
DENVER, COLO.
HOUSTON, TEXAS
LOS ANGELES, CALIF.
MIDLAND, TEXAS
NEW ORLEANS, LA.
TULSA, OKLA.

Refineries and Chemical Plants

ANACORTES, WASH.
DENVER, COLO.
DOMINGUEZ, CALIF.
HOUSTON, TEXAS
MARTINEZ, CALIF.
MONTREAL, CANADA
NORCO, LA.
SHELL POINT, CALIF.
TORRANCE, CALIF.
VANCOUVER, CANADA
VENTURA, CALIF.
WILMINGTON, CALIF.
WOOD RIVER, ILL.

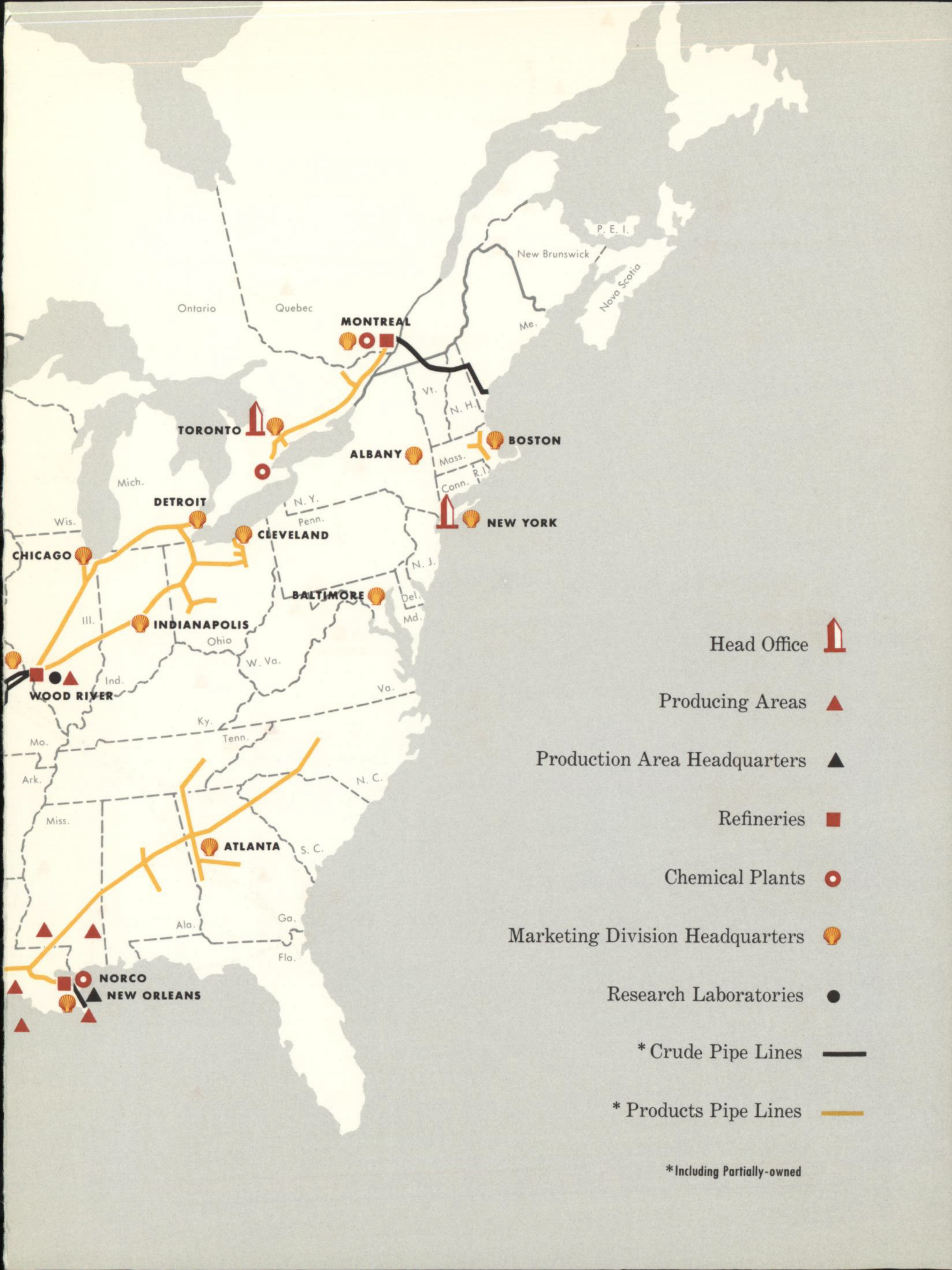
Marketing Divisions

ALBANY, N. Y.
ATLANTA, GA.
BALTIMORE, MD.
BOSTON, MASS.
CHICAGO, ILL.
CLEVELAND, O.
DETROIT, MICH.
HONOLULU, HAWAII
INDIANAPOLIS, IND.
LOS ANGELES, CALIF.
MINNEAPOLIS, MINN.
MONTREAL, CANADA
NEW ORLEANS, LA.
NEW YORK, N. Y.
PORTLAND, ORE.
SACRAMENTO, CALIF.
ST. LOUIS, MO.
SAN FRANCISCO, CALIF.
SEATTLE, WASH.
TORONTO, CANADA
VANCOUVER, CANADA

Research Laboratories

EMERYVILLE, CALIF.
HOUSTON, TEXAS
MARTINEZ, CALIF.
MODESTO, CALIF.
TORRANCE, CALIF.
WOOD RIVER, ILL.

MAP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Nova Scotia
Me.
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Production Area Headquarters
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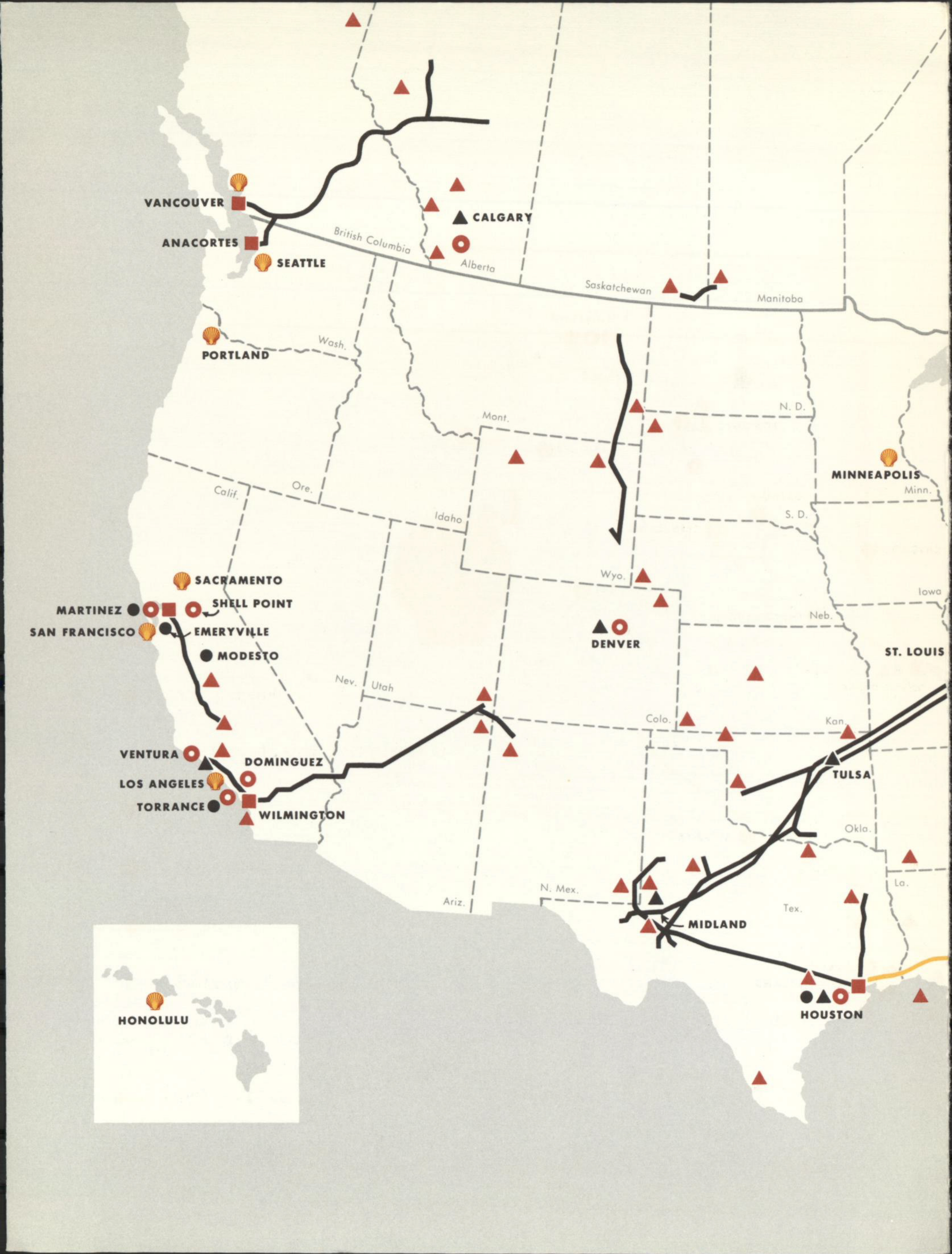
Marketing Division Headquarters
Research Laboratories
* Crude Pipe Lines
* Products Pipe Lines
* Including Partially-owned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